



FINANCIAL REPORT

1991-1992

THE UNIVERSITY OF NORTH CAROLINA AT WILMINGTON

Financial Report 1991-92

The University of North Carolina at Wilmington

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A Letter of Transmittal

To: Chancellor James R. Leutze and the Board of Trustees of the
University of North Carolina at Wilmington

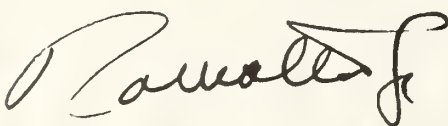
I am pleased to submit the 1992 Financial Report for The University of North Carolina at Wilmington. The report contains trend data on enrollment growth, Current Fund Revenue and Expenditure growth, and Consolidated asset growth. Additional information is given on the distribution of Current Funds Revenues and Expenditures. This information is provided to supplement our basic financial statements which include a Balance Sheet, Statement of Changes in Fund Balances, Statement of Current Fund Revenues, Expenditures, and Other Changes, and a Consolidated Balance Sheet.

After two consecutive years of budget cuts by the State, 1991-92 was leaner but a more stable year. Enrollment growth has enabled UNCW to maintain and expand our financial base in the face of a \$2.8 million cut in State appropriations and the loss of 38 State funded positions. One result of this State revenue financial crisis is that our students are being required to pay an increased proportion of the cost of delivering our educational programs. For the first time ever, we received less in State appropriations in 1991-92 as compared to 1990-91. Conversely, tuition receipts increased by \$2.2 million (34%) over 1990-91 tuition receipts.

A primary concern of the University is the lack of State funded capital construction to support our continued growth. The last academic building funded by the State was The Cameron School of Business building. Cameron was funded by the State in 1985 and occupied in 1988. In order to mitigate the space crunch, we have converted Westside Hall and the ROTC building to house various academic and student service functions. The renovation cost has been funded from non-State appropriated funds. We will continue to seek creative solutions to the space problems created by our growth and lack of State capital funding support. However, without State support for our requested Physical Sciences building, we will eventually have to limit growth and the quality of our existing programs will suffer.

The financial data in these statements reflect the continued growth of the University. The Business Affairs Division will continue to strive to provide the financial resources required to ensure continued growth and improvement in the University.

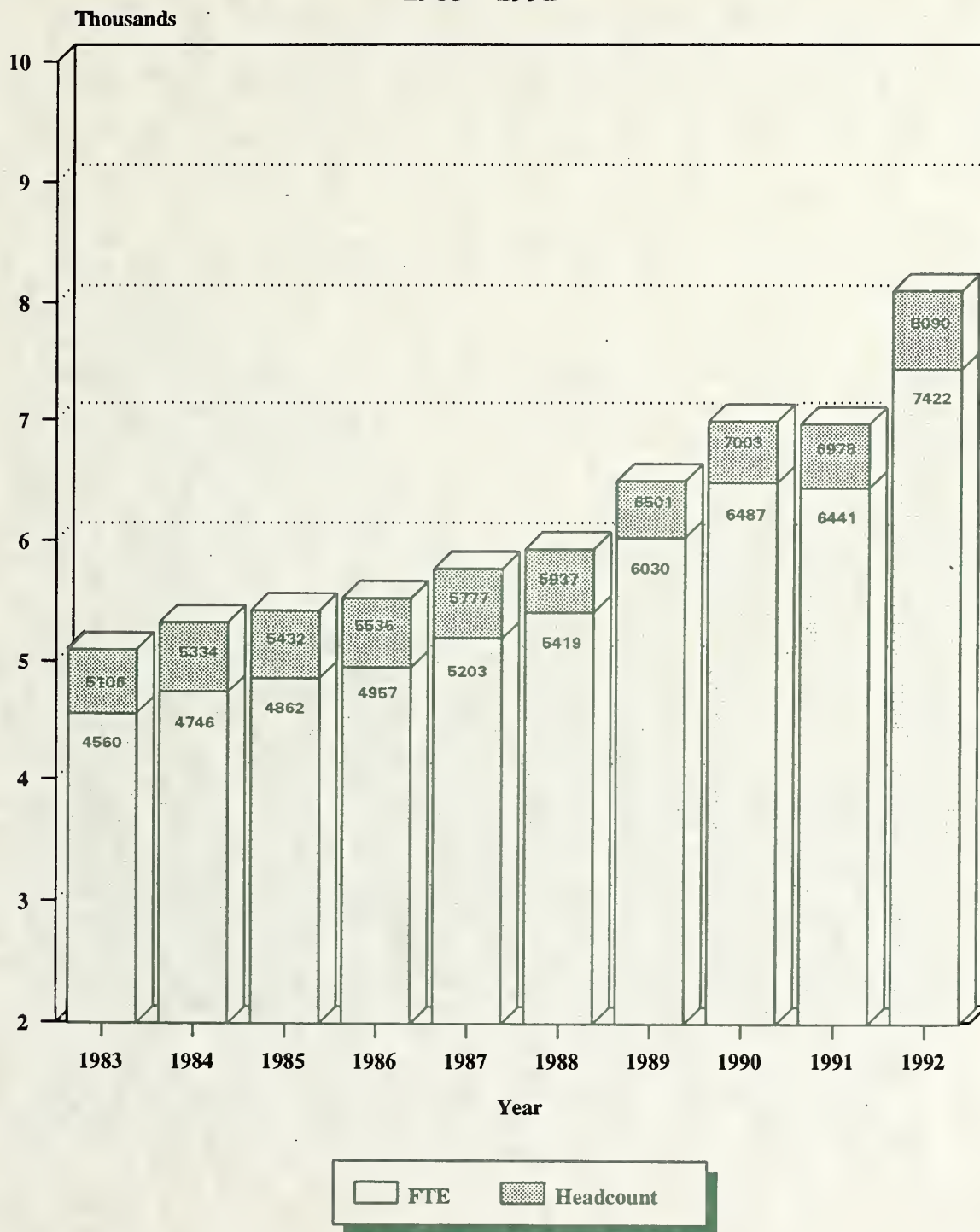
Very truly yours,



R. O. Walton, Jr.
Vice Chancellor for Business Affairs

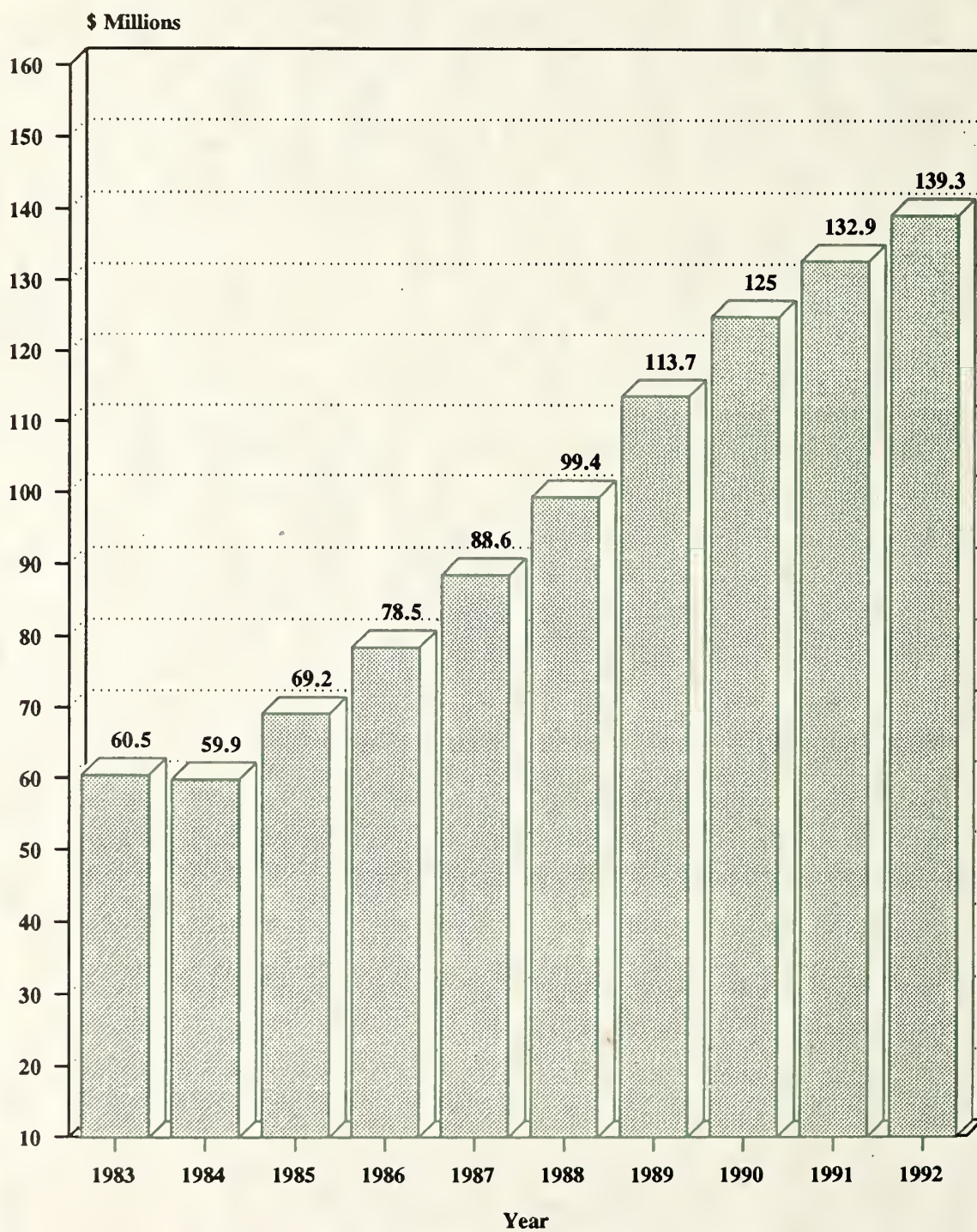
Enrollment

UNCW Enrollment 1983 - 1992



Asset Growth

Consolidated Asset Growth 1983 - 1992



Financial Perspective

The University of North Carolina at Wilmington recorded revenues and other additions at \$72.4 million to fund current operations for the year ended June 30, 1992. The amount represents an increase of 9.6% over the prior period. Of the total current funds revenues, \$44.9 million were recognized as revenue in unrestricted educational and general funds, and \$19.2 million in total revenue were generated in auxiliary enterprises from sales and services, student fees and investment earnings. The remaining \$8.4 million were recognized in restricted funds. The resources supported operating expenditures and other deductions of \$66.7 million and mandatory debt services and other transfers of \$3.9 million. Expenditures and transfers for unrestricted educational and general purpose were \$44.7 million; auxiliary enterprises, \$16.4 million; and restricted funds, \$8.4 million. Current fund assets exceeded liabilities by \$5.7 million at June 30, 1992.

Governmental Research grants awarded to the University during 1991-92 for one year and multi-year projects totaled \$8.0 million. Federal government awards totaled \$7,732,375 and state and local governments totaled \$240,690.

The total market value of the University Endowment Fund increased by 8.76% over the prior year to \$6.2 million as of June 30, 1992. The change is attributed to gifts and transfers from other funds of \$137,022 and realized and unrealized capital gains and losses. The Endowment Fund had a total return of \$536,351 of which \$278,736 was available for operating purposes, the remainder was reinvested in the Endowment.

The increase in plant assets was \$4.7 million for the year ended June 30, 1992. Total plant assets at June 30, 1992 were \$117 million which represents an increase of 4.1% over the prior year. The University's equity in plant assets at June 30, 1992 was \$89.3 million.

Current Funds Activity:

Revenues and Other Additions	\$ 72,397,197
Expenditures and Other Deductions	66,757,504
Mandatory and Other Transfers	3,932,000

Current Fund Status:

Total Assets	13,804,362
Total Liabilities	8,092,002
Fund Balance	5,712,360

Research Grant Awards:

Federal Government	7,732,375
State and Local Government	240,690

Endowment Fund:

Market Value of Assets	6,255,407
Gifts and Transfers	137,022
Endowment Income	278,736

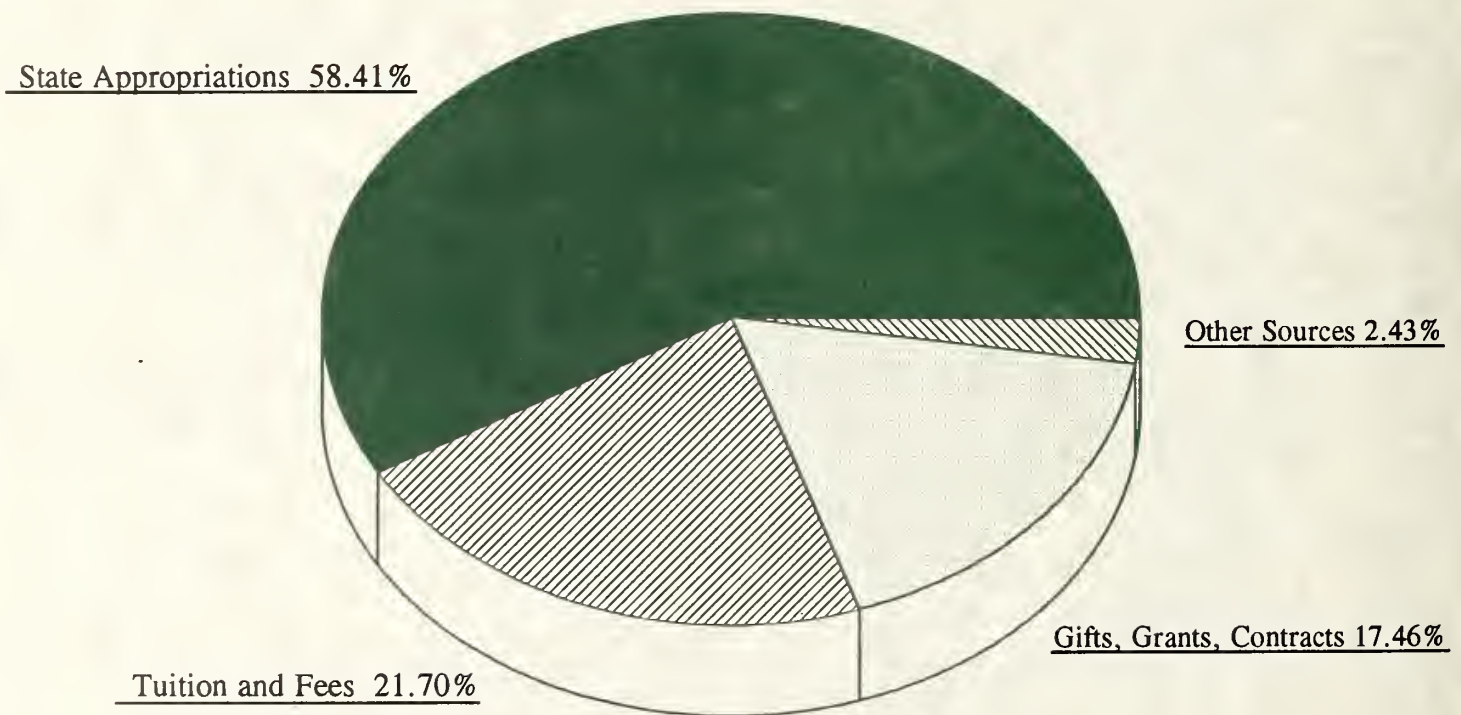
Plant Facilities:

Total Plant Assets	116,945,045
Equity in Plant Assets	89,306,523
Increase in Plant Assets	4,659,010

Sources of Current Funds

Year 1991 - 1992

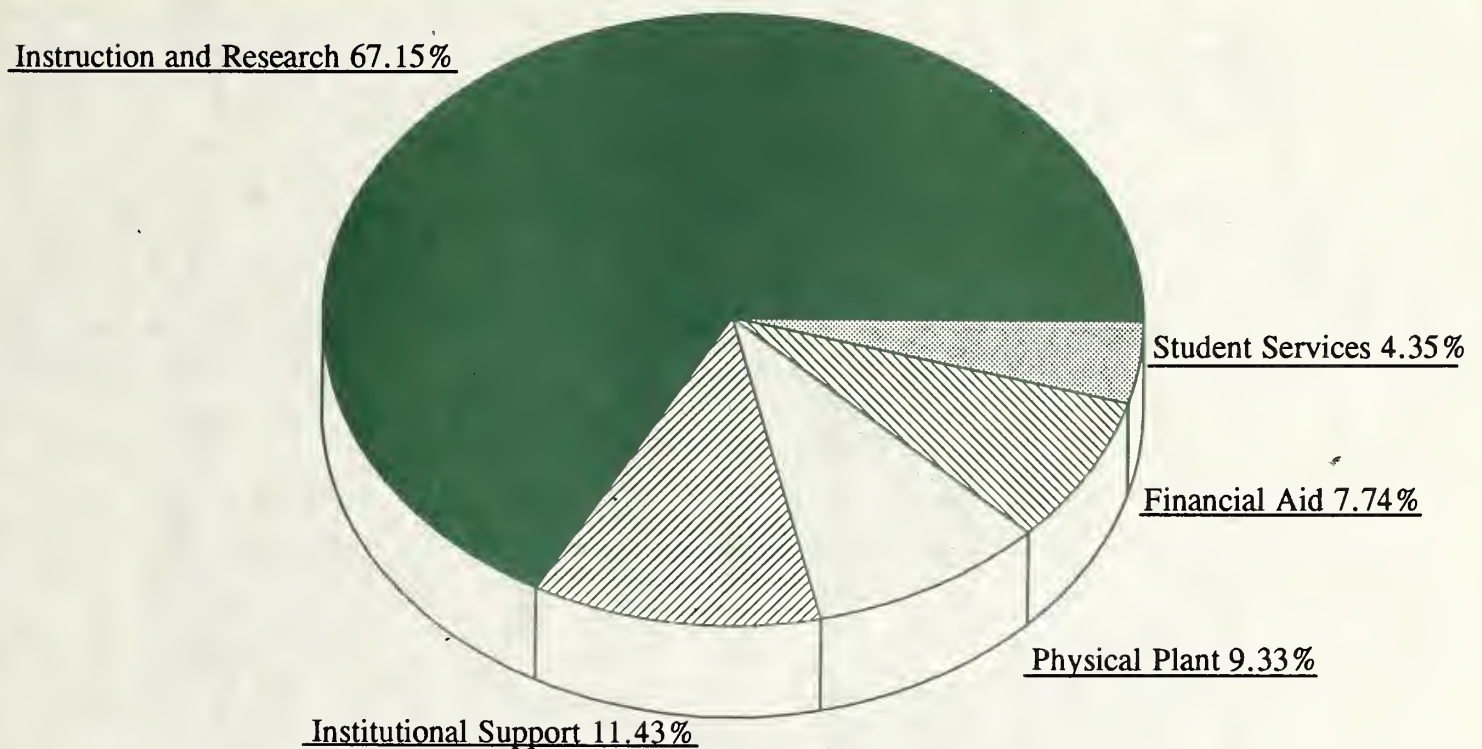
Education and General



Total Education and General Revenues	\$ 53,227,924
Plus Auxiliary Enterprises	19,169,273
Total Current Funds Revenues	72,397,197

Uses of Current Funds Year 1991 - 1992

Education and General



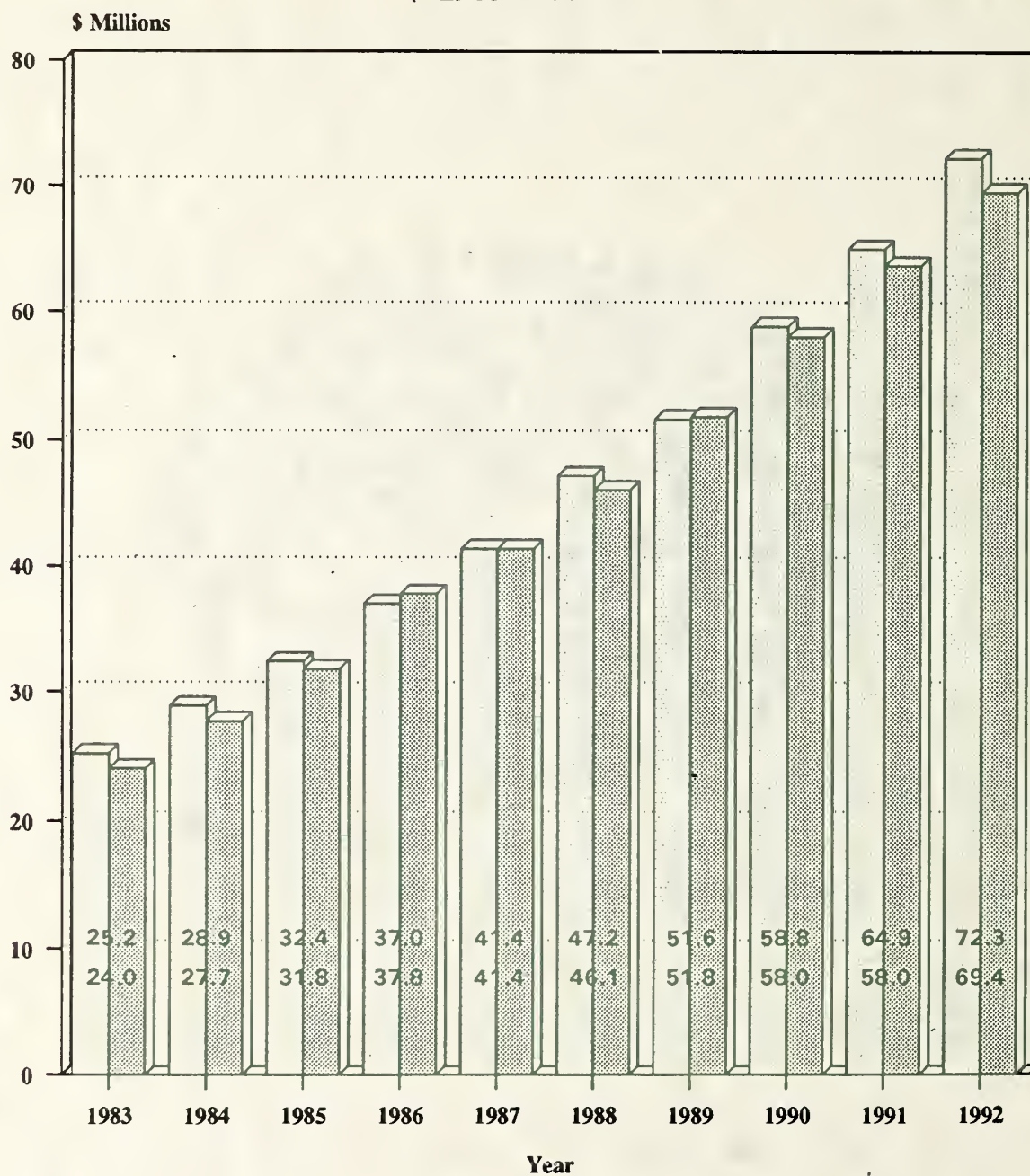
Total Education and General Expenditures \$ 53,082,980

Plus Auxiliary Enterprises 16,407,291

Total Current Funds Expenditures 69,490,271

Financial Growth

Current Fund Revenues & Expenditures 1983 - 1992



The Endowment Fund

The University receives support from the endowment to provide additional resources in many needed areas. Endowment income is used to fund scholarships, professorships, student loans, organized research, and institutional support. These funds are an important resource for the University.

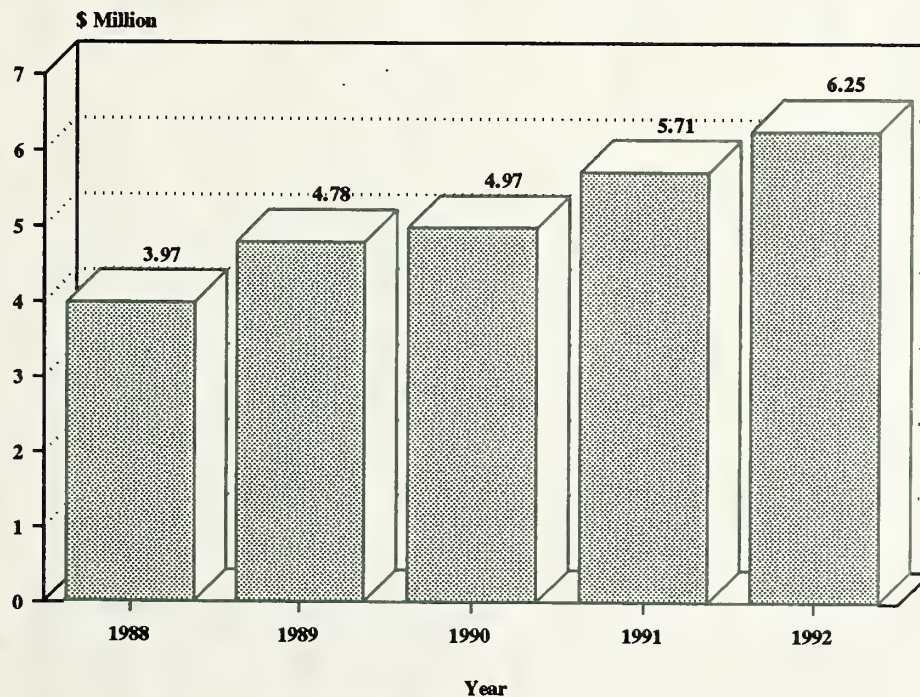
The Endowment Fund is composed of gifts and bequests from donors who have stipulated that the principal is to be retained and invested to produce income which must be expended in accordance with their wishes. The Endowment fund is also composed of quasi-endowment funds which the Board of Trustees has designated as endowment funds. Quasi-Endowment principal is retained and invested just as other endowment funds; however, the board can, at its discretion, move these funds from the endowment to current funds.

The market value of the Endowment Fund of the University has increased \$2.3 million during the past five years from \$3.9 at June 30, 1988 to \$6.2 at June 30, 1992. For this period, the 9.5% average annual rate of increase is attributed to gifts and bequests, transfers from other funds, realized and unrealized capital gains, and reinvestment of earnings.

The Endowment Fund had a total return of \$536,351 of which \$278,736 was available for operating purposes, the remainder was reinvested in the Endowment. Additionally, the Endowment Fund received \$59,123 in gifts for that same period. Net capital gains are capitalized and become part of the endowment principal. Interest and dividend income is expended based upon donor specifications or by authorization of the Board of Trustees.

Endowment Fund Assets

Market Value



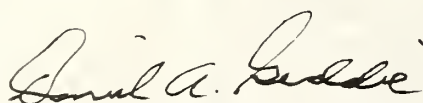
Balance Sheet

June 30, 1992

Management Responsibility for Financial Statements

The management of The University of North Carolina at Wilmington has prepared the accompanying financial statements in conformity with generally accepted accounting principles applicable to colleges and universities. In the opinion of management, such statements present fairly the financial position of the University at June 30, 1992, the changes in fund balances, and the current funds revenues, expenditures, and transfers for the year then ended.

In addition, management believes that the system of internal control provides reasonable assurance that the University's assets are protected and that the accounting records are reliable for preparing financial statements. Such controls include the establishment and dissemination of accounting policies and procedures, the separation of duties, and a program of internal audits in addition to examinations by external auditors, including the State Auditor.



Daniel A. Geddie
Director of Financial Reporting

ASSETS

Cash
Investments
Accounts and notes receivable,
less allowance of \$235,617
Due from State or Federal
Due from State's General Fund
Inventories, at fifo cost
Land
Land improvements
Buildings
Equipment
Library books
Construction in progress

Total assets

LIABILITIES

Accounts payable
Accrued payroll
Vacation leave payable
Interest payable
Student deposits
Due to State or Federal
Deferred credits
Notes payable
Capital leases payable
Bonds payable (net)
Other payables
Deposits held in custody for others

Total liabilities

FUND BALANCE

Unrestricted
Restricted
Endowed by donor
Term Endowment
Quasi-endowment-unrestricted
Quasi-endowment-restricted
Plant funds

Total fund balances

Total liabilities and fund balance

Current Funds		Loan Funds	Endowment Funds	Plant Funds	Agency Funds
Unrestricted	Restricted				
\$8,063,651	\$1,096,348	\$131,034		\$1,323,228	\$161,408
			\$6,021,951	5,057,812	877,699
535,826	13,506	2,450,242		288,741	11,401
118,728	552,910	1,401		2,261	2,494
2,306,425					
1,116,968					
				1,508,004	
				7,061,403	
				69,909,601	
				14,505,706	
				15,649,376	
				1,638,913	
12,141,598	1,662,764	2,582,677	6,021,951	116,945,045	1,053,002
416,552	73,109			56,398	21,787
3,398,774	224,919				
1,454,319					
40,639				867,375	
932,848					
16,887	12,408		40,087	498	
1,331,415	176,063				
				1,638,022	
				562,878	
				24,501,866	
12,560	1,509		2,249	11,485	713
					1,030,502
7,603,994	488,008	0	42,336	27,638,522	1,053,002
4,537,604		19,380			
	1,174,756	2,563,297			
			3,576,833		
			52,278		
			2,186,683		
			163,821		
				89,306,523	
4,537,604	1,174,756	2,582,677	5,979,615	89,306,523	0
\$12,141,598	\$1,662,764	\$2,582,677	\$6,021,951	\$116,945,045	\$1,053,002

Statement of Changes in Fund Balance

For the Year Ended June 30, 1992

	Current Funds	
	Unrestricted	Restricted
REVENUES AND OTHER ADDITIONS		
Unrestricted current fund revenues	\$63,343,824	
State appropriations		
Federal grants and contracts		\$7,685,233
State grants and contracts		81,594
Private gifts, grants, and contracts		1,004,021
Investment income		27,156
Endowment income		92,434
Realized gains on investments		
Expended for plant facilities (including \$4,009,947 charged to current fund expenditures)		
Retirement of indebtedness		
Other sources	677,468	46,643
Total revenues and other additions	64,021,292	8,937,081
EXPENDITURES AND OTHER DEDUCTIONS		
Educational and general expenditures	44,670,918	8,375,905
Auxiliary enterprises expenditures	13,695,495	
Indirect cost recovered		488,793
Expended for plant facilities		
Retirement of indebtedness		
Interest on indebtedness		
Disposal of plant facilities		
Other expenditures and deductions	15,186	
Total expenditures and deductions	58,381,599	8,864,698
TRANSFERS BETWEEN FUNDS		
Mandatory:		
Principal and interest	(2,706,070)	
Loan fund matching	(26,697)	
Other Transfers	(1,248,466)	(23,150)
Total Transfers	(3,981,233)	(23,150)
Net increase/(decrease) for the year	1,658,460	49,233
Fund balance at beginning of year	2,879,144	1,125,523
Fund balance at end of year	\$4,537,604	\$1,174,756

- (1) Includes capital lease payments from current funds in the amount of \$163,205
 (2) Debt Service includes the Reserve for Renewal and Replacement of \$1,114,769

Loan Funds	Endowment and Similar Funds	Plant Funds		
		Unexpended	Debt Service	Investment in Plant
		\$120,000		
\$240,272			\$24,640	
6,188	\$59,123	4,724		\$47,460
60,674	42,097	13,126	417,590	
8,372				
	275,820			
				5,558,472
		29,358		966,629 (1)
181		(126)	610	
315,687	377,040	167,082	442,840	6,572,561
		1,548,525		
			832,781	
			1,883,704	
				1,734,341
95,242	53,331		145,229	
95,242	53,331	1,548,525	2,861,714	1,734,341
		(69,998)	2,776,068	
26,697				
	77,900	1,263,714	(69,998)	
26,697	77,900	1,193,716	2,706,070	0
247,142	401,609	(187,727)	287,196	4,838,220
2,335,535	5,578,006	877,128	3,739,322	79,752,384
\$2,582,677	\$5,979,615	\$689,401	\$4,026,518 (2)	\$84,590,604

**Statement of Current Fund Revenues,
Expenditures, and Other Changes
For Year Ended June 30, 1992**

REVENUES

Educational and general:

Student tuition and fees
State appropriations
Federal grants and contracts
State grants and contracts
Private gifts, grants, and contracts
Endowment income
Investment income
Sales and services
Educational activities
Other sources

Total educational and general

Auxiliary enterprises

Total current funds revenues

EXPENDITURES AND MANDATORY TRANSFERS

Educational and general:

Regular term instruction
Summer term instruction
Extension instruction
Public service
Organized research
Libraries
General academic support
Student services
Institutional support
Physical plant operations
Student financial aid

Educational and general expenditures

Current Year			Prior
Unrestricted	Restricted	Total	Year Total
\$11,549,055		\$11,549,055	\$8,854,069
31,089,364		31,089,364	31,156,010
535,934	\$7,196,441	7,732,375	4,780,714
159,096	81,594	240,690	796,848
357,626	966,664	1,324,290	662,511
133,919	80,689	214,608	270,206
312,870	41,031	353,901	312,639
414,131		414,131	509,348
94,193		94,193	46,270
205,831	9,486	215,317	192,517
44,852,019	8,375,905	53,227,924	47,581,132
19,169,273		19,169,273	17,335,159
64,021,292	8,375,905	72,397,197	64,916,291
22,339,704	904,220	23,243,924	21,894,664
1,059,380		1,059,380	968,649
664,558		664,558	602,627
522,414	143,184	665,598	562,051
757,269	4,205,027	4,962,296	3,125,521
2,459,313	13,126	2,472,439	2,349,135
2,550,674	810	2,551,484	2,310,523
2,284,365	24,566	2,308,931	2,143,791
6,040,643	28,811	6,069,454	5,947,444
4,951,091	1,599	4,952,690	4,854,949
1,050,967	3,054,562	4,105,529	3,230,345
44,680,378	8,375,905	53,056,283	47,989,699

**Statement of Current Fund Revenues,
Expenditures, and Other Changes
For Year Ended June 30, 1992**

EXPENDITURES AND MANDATORY TRANSFERS (CONT'D)

Mandatory transfers: principal and interest

Total education and general expenditures and mandatory transfers

Auxiliary Enterprises:

Expenditures

Mandatory transfers: principal and interest

Total auxiliary enterprises

Total current funds, expenditures and mandatory transfers

OTHER TRANSFERS IN/OUT, ADDITIONS AND (DEDUCTIONS)

Restricted receipts over revenue earned

Unrestricted fund allocated

Other transfers

Total other transfers in/out, additions and (deductions)

Net increase (Decrease) in fund balance

Current Year		Total	Prior Year Total
Unrestricted	Restricted		
26,697		26,697	23,649
44,707,075	8,375,905	53,082,980	48,013,348
13,701,221		13,701,221	12,821,536
2,706,070		2,706,070	2,808,374
16,407,291	0	16,407,291	15,629,910
61,114,366	8,375,905	69,490,271	63,643,258
	72,383	72,383	145,132
(54,750)	(23,150)	(77,900)	(14,380)
(1,193,716)		(1,193,716)	(624,686)
(1,248,466)	49,233	(1,199,233)	(493,934)
\$1,658,460	\$49,233	\$1,707,693	\$779,099

The accompanying notes are an integral part of the financial statements.

Consolidated Balance Sheet

June 30, 1992

With Comparative Figures at June 30, 1991

	June 30, 1992	June 30, 1991
ASSETS		
Cash	\$ 10,614,261	\$ 9,146,830
Investments	11,079,763	10,323,144
Accounts and notes receivable, less allowance of \$188,338 (6-30-91) and \$235,617 (6-30-92)	3,288,315	3,023,198
Due from State or Federal	675,300	774,481
Inventories, at fifo cost	1,116,968	1,055,547
Due from State's General Fund	2,306,425	2,333,545
Land	1,508,004	1,194,631
Land improvements	7,061,403	5,621,349
Buildings	69,909,601	65,271,277
Equipment	14,505,706	13,811,600
Library books	15,649,376	14,428,857
Construction in progress	1,638,913	5,871,826
Total assets	\$ 139,354,035	\$ 132,856,285
LIABILITIES		
Accounts payable	\$ 546,059	\$ 721,715
Accrued payroll	3,623,693	3,707,926
Vacation leave payable	1,454,319	1,348,228
Interest payable	908,014	896,557
Student deposits	932,848	1,055,908
Due to State or Federal	69,880	173,510
Deferred credits	1,507,478	1,752,835
Notes payable	1,638,022	1,064,404
Capital leases payable	562,878	726,083
Bonds payable	24,501,866	25,098,376
Other payables	27,803	23,702
Total liabilities	35,772,860	36,569,244
FUND BALANCE		
Unrestricted	4,556,984	2,897,972
Restricted	1,174,756	1,125,522
Loan	2,563,297	2,316,707
Endowed by donor	3,576,833	3,386,085
Term endowment	52,278	50,008
Quasi-endowment-unrestricted	2,186,683	1,975,347
Quasi-endowment-restricted	163,821	166,566
Plant funds	89,306,523	84,368,834
Total fund balances	103,581,175	96,287,041
Total liabilities and fund balance	\$ 139,354,035	\$ 132,856,285

Agency funds have been excluded from this statement.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Reporting Entity	The accompanying financial statements present all funds under the authority of the University. The basic criterion for inclusion is the exercise of oversight responsibility. Oversight responsibility is derived from the ability to significantly influence operations and accountability for fiscal matters. Related Foundations and similar non-profit corporations are not part of the University's accompanying statements.
Basis of Presentation	The accompanying financial statements are presented on a fund basis and generally follow the form recommended by the National Association of College and University Business Officers (NACUBO) and the American Institute of Certified Public Accountants in its Industry Audit Guide, <i>Audits of Colleges and Universities</i> .
Fund Structure	The accompanying financial statements are structured into five reporting categories: Current, Loan, Endowment, Plant, and Agency Funds. The Current Funds are separated into those which are restricted by donors or grantors and those which are unrestricted. Restricted funds may be expended only for the purposes indicated by the donor or grantor, whereas unrestricted funds are available for educational purposes at the discretion of the institution, its governing boards, or controlling agencies. The Loan Funds are designated to be used for granting loans to students or other individuals. Loan Funds may be established by action of the institution or by individuals or agencies outside the institution. The Endowment Funds are funds set aside by the University Trustees or individuals and agencies external to the institution. The principal amount of Endowment Funds are non-expendable, but income may be used for designated purposes as available in the appropriate fund category to which the income has accrued. The Plant Funds are used to account for the Unexpended Plant Funds, Debt Service Funds, and Investment in Plant Funds. The Debt Service Funds include Repair and Replacement Reserves, as well as Retirement of Indebtedness Reserves. The Agency Funds are funds for which the University acts as a fiscal agent. No expenditure or revenue activity is reported for Agency Funds. However, a separate column on the Balance Sheet is shown to give the reader an indication of the magnitude of Agency Fund Values maintained at the University.
Basis of Accounting	The accounting records of The University of North Carolina at Wilmington are maintained on the cash basis of accounting throughout the year, but adjustments are made at fiscal year-end to convert to generally accepted principles of accounting for colleges and universities. The generally accepted basis of accounting for colleges and universities is the accrual basis, except that no depreciation expense is reflected.

General Fixed Assets and Depreciation

All fixed assets are reflected as expenditures of the fund when purchased in the year of acquisition. The fixed assets acquired are reflected as an addition to the Investment in Plant Funds and carried at the cost of acquisition until disposal. No depreciation is reflected.

Cash and Cash Equivalents

This classification includes cash on deposit with the State Treasurer, checking and saving accounts, petty cash, and undeposited receipts.

Investments

This classification includes long-term fixed income investment and equity investments held by the University. The investments purchased are valued at cost and investments received by gift are valued at the fair market or appraised value at the date of the gift, unless there has been an impairment of value not considered to be temporary. At June 30, 1992, the market value of the capital stock held by the Endowment Fund was \$10,190.

This account reflects all cash deposited with the Fiscal Agents for investment on behalf of the University.

	Total (Book Value)	Cash & Cash Equivalents	Investments Book Value	Investments Market Value
Endowment Fund	\$6,020,945	\$ 0	\$6,020,945	\$6,244,855
Agency Fund	301,293	301,293	0	0
Debt Service Fund	5,057,812	842,297	4,215,515	4,212,916

Receivables & Allowance for Doubtful Accounts

The receivables are reflected in the accompanying financial statements net of the allowances for doubtful accounts. The gross receivables and the related allowances at June 30, 1992 are as follows:

	Gross Receivables	Allowance for Doubtful Accounts	Net Receivables
Accounts Receivable-Students	\$ 169,975	\$ 24,961	\$ 145,014
Accounts Receivable-Other	385,721	2,000	383,721
Notes Receivable	2,658,898	208,656	2,450,242

Inventories

Inventories held by the University are priced at cost using First-In, First-Out Method. The inventories for the General Restricted Current Funds consist of expendable supplies, gasoline, and fuel oil held for consumption. Inventories for the Proprietary Funds consist of textbooks and merchandise for resale as well as expendable supplies held for consumption.

2. Pension Plans:**Retirement Plans**

Each permanent full-time employee, as a condition of employment, is a member of either the Teacher's and State Employees' Retirement System or the Optional Retirement Program.

The Teacher's and State Employees' Retirement System is a defined benefit plan which is administrated by the North Carolina State Treasurer. Additional detail information about the System can be located in the State of North Carolina's Comprehensive Annual Financial Report. Employees contribute 6% of gross wages and the University contributes 9.63% of covered wages and pension benefits.

The Optional Retirement Program (Program) is a defined contribution retirement plan which provides retirement benefits with options for payments to beneficiaries in the event of the participant's death. Administrators and eligible faculty of the University may join the Program instead of the Teachers' and State Employees' Retirement System. The Program is administered by the privately-operated Teachers' Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). Participant eligibility and contributory requirements are established by General Statute 135-5.1. Participants contribute 6% of their salary and the University matches with a 6.24% contribution for pension benefits. The University assumes no liability other than its contribution.

Participants in the Program are vested after five years of service, but the administrator must return the value of both the participant's and the University's contribution if termination occurs prior to the five years of service. The participant can invest in the TIAA or the CREF or both. The TIAA invests primarily in bonds and mortgages, while the CREF invests in common stocks.

For the year ended June 30, 1992, the University had a total payroll of \$32,560,135 of which \$18,104,909 was under the Teachers' and State Employees' Retirement System and \$11,120,701 was covered under the Optional Retirement Program. Total employee and employer contributions for pension benefits for the year were \$1,086,295 and \$1,743,503 respectively for the Teachers' and State Employees' Retirement System and \$667,242 and \$693,932 respectively for the Optional Program.

Deferred Compensation IRC Section 457 Plan - The State of North Carolina offers its permanent employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. All costs of administering and funding the plan are the responsibility of the plan. No costs are incurred by the University. All amounts, property, and rights derived from deferred compensation and income earned on the deferred compensation are, until paid off made available to the employee or other beneficiary, solely the property and rights of the State of North Carolina, subject only to the claims of the State's general creditors. The State believes that it is very unlikely that it will use these assets to satisfy the claims of general creditors in the future. The voluntary contributions by employees amounted to \$95,674 (.0033% of covered payroll) for the year ended June 30, 1992.

IRC Section 401(k) - All members of the Teachers' and State Employees' Retirement System and the Optional Retirement Program are eligible to enroll in the Supplemental

Retirement Income Plan created under Internal Revenue Code Section 401(k). All costs of administering the plan are the responsibility of the plan participants. No costs are incurred by the University except for a 5% employer contribution for the University's law enforcement officers which is mandated under General Statute 143-163.30(e.). Total employer contributions on behalf of University law enforcement officers for the year ended June 30, 1992 were \$18,744. The voluntary contributions by employees amounted to \$102,503 (.0035 % of covered payroll) for the year ended June 30, 1992.

IRC Section 403(b)(7) Plans - All permanent University employees who are at least half-time can participate in tax sheltered annuity plans created under Internal Revenue Code Sections 403(b) and 403(b)(7). The employee's eligible contributions, made through salary reduction agreements, are exempt from federal and state income taxes until the annuity is received or the contributions are withdrawn. These plans are exclusively for employees of the universities and certain charitable and other non-profit institutions. All costs of administering and funding these plans are the responsibility of the plans. No costs are incurred by the University. The voluntary contributions by employees amounted to \$301,787 (.0103 % of covered payroll) for the year ended June 30, 1992.

Postretirement Benefits In addition to providing pension benefits, the State provides certain postretirement benefits to retirees. The University contributes 1.65% of covered payroll under the Teachers' and State Employees Retirement System and the Optional Retirement Program for hospital and medical benefits. For the fiscal year ended June 30, 1992, the University's total contribution for postretirement benefits was \$482,223.

3. Insurance:

The State maintains a State Property Fire Insurance Fund as a means of self-insurance against fire losses which may occur in State-owned buildings.

4. Commitments and Contingencies:

Sick Leave The University, in accordance with State policy, records the costs of sick leave when taken and paid, rather than when the leave is earned. The accumulation of unused sick leave earned is unlimited, but the employee cannot be compensated for any unused sick leave upon termination of employment. A contingent liability exists for unused sick leave in the amount of \$3,455,297 based on salary rates effective June 30, 1992 including matching benefits for retirement and social security.

Leases Capital lease obligations relating to type of facility or equipment are recorded at the present value of the lease payments. Future minimum lease payments under capital lease obligations and non-cancellable leases consist of the following at June 30:

Fiscal Year	Capital Leases
1993	\$217,982
1994	217,982
1995	<u>217,982</u>
Total Minimum Lease Payment	\$653,946
Amount Representing Interest	<u>91,068</u>
Present Value of Future Lease Payments	<u>\$562,878</u>

Leased assets included in the Plant Funds amounted to \$923,125 at June 30, 1992.

Commitments on

Construction Contracts Commitments on construction contracts were outstanding for the following projects at June 30, 1992:

Physical Science/Deloach Renovations	\$ 86,044
Administration Building Renovations	5,774
Student Housing	112,538
West Cafeteria Renovations	2,310
Parking Spaces	15,288
Bookstore Renovations	20,325
University Union Display Cases	11,115
Apartments J, L and M Renovations	5,325
Residence Life Activity Center Renovation	<u>35,630</u>
Total	<u>\$294,349</u>

5. Changes in Plant Fixed Assets:

A summary of changes in the fixed assets is presented as follows:

	Balance July 1, 1991	Additions	Deletions	Balance June 30, 1992
Land	\$ 1,194,631	\$ 313,373	\$ 0	\$ 1,508,004
Land Improvements	5,621,348	1,444,415	4,360	7,061,403
Buildings	65,271,277	5,547,621	909,297	69,909,601
Machinery & Equipment	13,811,599	2,409,968	1,715,861*	14,505,706
Library Books	14,428,857	1,251,536	31,017	15,649,376
Construction in Progress	5,871,826	1,854,135	6,087,048	1,638,913
Total	<u>\$106,199,538</u>	<u>\$ 12,821,048</u>	<u>\$ 8,747,583</u>	<u>\$ 110,273,003</u>

During the current year \$728,961, of the total \$1,715,861 fixed asset deletions to machinery and equipment, was for Grant equipment which changed title from UNCW to the Federal Government.

6. Long-Term Obligations:

A summary of changes in the long-term obligations (principal only) is presented as follows:

	Balance July 1, 1991	Additions	Deductions	Balance June 30, 1992
Bonds Payable	\$25,287,000	\$ 0	\$637,000	\$ 24,650,000
Notes Payable	1,064,403	769,400	195,781	1,638,022
Capital Leases	<u>726,083</u>	<u>0</u>	<u>163,205</u>	<u>562,878</u>
Total Long-Term Obligations	<u>\$ 27,077,486</u>	<u>\$769,400</u>	<u>\$995,986</u>	<u>\$ 26,850,900</u>

Interest rates on long-term obligations are as follows: Bonds Payable 4.7% - 9%; Notes Payable 5.65% - 9.95%; and Capital Leases 7.89%.

The University bonded indebtedness arises from issues to construct dormitory, dining, union and physical education facilities and are payable from pledged student fees as provided by the Bond Resolutions. Principal payments are made on January 1 of each year in increasing amounts that are sufficient to retire the bonds by January 1, 2011. Interest is paid on January 1 and July 1 of each year at rates varying from 5.8% to 8.0% APR. The University receives an annual debt service subsidy grant in the amount of \$24,640 from the United States Department of Housing and Urban Development with respect to the Dormitory and Dining Hall Series B Bonds. The bonds are further secured by reserve requirements as provided in the Bond Resolutions, totaling \$3,424,227 at June 30, 1992. The University was in compliance with all reserve requirements as of June 30, 1992.

On May 1, 1991, the University issued \$3,285,000 in Dormitory and Dining Hall System Revenue Refunding Bonds, Series H, with an annual rate of interest ranging from 5.90% to 6.60% to advance refund \$2,875,000 of outstanding Dormitory and Dining Hall System Revenue Bonds, Series E, with an annual interest rate of 9.40% to 11.40%. As a result, the refunded bonds are contracted to be defeased in the year ended June 30, 1991, and the liability for those bonds was removed from the balance sheet in that year. At June 30, 1992 the outstanding balance of the defeased bonds was \$2,740,000.

The schedule below shows the annual requirements to pay principal and interest on the long-term obligations at June 30, 1992.

Fiscal Year	Revenue Bonds	Notes	Capital Leases
1993	\$2,613,338	\$ 275,304	\$217,982
1994	2,613,126	265,518	217,982
1995	2,613,356	255,732	217,982
1996	2,609,041	245,945	
1997	2,620,471	222,725	
1998-2002	13,176,434	738,254	
2003-2007	11,216,323	60,602	
2008-2012	<u>4,916,040</u>	<u> </u>	<u> </u>
Total Requirement	<u>\$42,378,129</u>	<u>\$2,064,080</u>	<u>\$653,946</u>

7. Museum of World Cultures:

The Museum of World Cultures, under the direction of University Advancement, is the property of the University of North Carolina at Wilmington. The Museum's collection, consisting of approximately 2,000 authenticated artifacts and collections, includes minerals, drawings, photographs, maps, prints, and scrolls. The value of this collection has not been booked and is not reflected in these financial statements.

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June 30, 1992

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Notes

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